NOTIFICATION

No. FD 2 DCS 63, dated Bangalore, the 7th August 1963 (Shravana 17, Saka Era 1885)

Ordered that the accompanying Notification No. G S. R. 1233, dated the 17th July 1963, of the Ministry of Finance (Department of Economic Affairs) issuing the Compulsory Deposit (Employees) Amendment Scheme, 1963, which has been published in the *Gazette of India*, Extraordinary, Part II, Section 3, sub-section (1), dated the 17th July 1963, be republished in the *Mysore Gazette*, for general information.

By Order and in the name of the Governor of Mysore,

T K RANGARAJA IYENGAR,
Under Secy to Govt, F. D. (B).

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Economic Affairs)

NOTIFICATION

New Delhi, the 17th July 1963

COMPULSORY DEPOSIT (EMPLOYEES) AMENDMENT SCHEME, 1963

G. S R 1233—In exercise of the powers conferred by section 5, read with section 6 of the Compulsory Deposit Scheme Act, 1963 (21 of 1963), the Central Government hereby makes the following Scheme to amend the Compulsory Deposit (Employees) Scheme, 1963, namely —

1 This Scheme may be called the Compulsory Deposit (Employees) Amendment Scheme, 1963

2 In the Compulsory Deposit (Employees) Scheme, 1963 (hereinafter referred to as the said Scheme), for the existing sub paragraph (3) of paragraph 1, the following sub-paragraph shall be substituted, namely —

"(3) It applies to every employee referred to in clause (d) of section 2 of the Act whose annual income from salary is one thousand five hundred rupees or more and who is not liable

to payment of tax under the Income-tax Act, 1961 (43 of 1961) and who has completed not less than two hundred and for y days of continuous service under the same employer on the 1st day of July, 1963 or any date subsequent thereto "

Explanation —"continuous service" means uninterrupted service, but includes service which is interrupted by sickness, accident, authorised leave, strike which is not illegal, or involuntary unemployment".

3 In the said Scheme, in paragraph 2, for the existing item (iii) of clause (d), the following item shall be substituted, namely —

"(iii) an office or a branch of any other bank authorised by the Central Government to accept deposits under this Scheme, excluding any office or branch of such bank as may be notified by the Central Government."

4 In the said Scheme, in paragraph 3, after sub paragraph (2), the following Explanation shall be inserted, namely —

Explanation —"salary" for the purposes of this Scheme means —

(i) basic pay or wages, that is to say, all emoluments including dearness allowance which are earned by the employee while on duty or on leave with pay or wages, in accordance with the terms of contract of employment, if any, and which are paid or payable in cash to him, but excluding house rent allowance, overtime allowance, bonus, commission or any other similar allowance payable to the employee in respect of his employment or for work done in such employment and any presents made by the employer

(ii) cash value of any food concession,

(iii) retaining allowance, that is to say, any allowance payable for the time being to an employee of any establishment in any period in which the establishment is not working, for retaining his services."

5. In the said Scheme, in paragraph 4,—

(1) after sub-paragraph (1), the following sub-paragraphs shall be inserted, namely —

"(1A) Nothing contained in sub-paragraph (1) shall be deemed to prevent the employer from making a single application to the deposit office on behalf of his employees for opening accounts in their names under this Scheme.

(1B) Notwithstanding the provisions contained in sub-paragraph (1A), an employee, in whose name an account has been opened by his employer under that sub-paragraph shall be entitled to make an application at any time after the account

has been opened and such application shall be filed for the purpose of record without prejudice to any action taken on the application made by the employer.",

(2) for the existing sub-paragraphs (2) and (3), the following sub-paragraphs shall be substituted, namely —

"(2) The amount to be deposited under sub-paragraph (1) of paragraph 3 shall be deducted every month from the salary payable to the depositor by the employer in that month

Provided that no deduction shall be made in the month where the salary payable in that month is less than one hundred and twenty-five rupees.

Explanation Where the salary is paid more than once in a month' deductions shall be made every time the salary is paid in that month.

(2A) Notwithstanding anything contained in the proviso to sub-paragraph (2), where the annual income of an employee from his salary is likely to be one thousand five hundred rupees or more, the employer shall make deductions from the salary payable to him in the last three months of that financial year such amount as would bring the total amount of deposit at the close of that financial year to the limits of deposits specified in sub-paragraph (1) of paragraph 3.

(3) The employer shall forward to the deposit office all applications received under sub-paragraph (1) and the application, if any, referred to in sub-paragraph (1A) along with the amount of the deposit and a statement in Form F, in duplicate, where required in triplicate, of all the deductions made by him ",

(3) in sub-paragraph (6), after the second proviso, the following further proviso shall be inserted, namely :—

" Provided also that the deductions made in the month of July, 1963 may be deposited with the deposit office not later than forty-five days from the date on which the deduction is made, and such deposit is accompanied by a declaration from the employer that the deposit relates to deductions made in that month ",

(4) after sub-paragraph (7), the following proviso shall be inserted, namely —

" Provided that a second remittance may be made in the month of August or September, 1963 on account of the deductions made in July, 1963.".

6 In the said Scheme, paragraph 8 shall be re-numbered as sub-paragraph (1) thereof, and after the sub-paragraph as so re-numbered, the following sub-paragraph shall be inserted, namely —

"(2) Notwithstanding anything contained in sub-paragrph (1), in respect of deductions made in the month of July, 1963 which are remitted to the deposit office on or after the first day of August, 1963, interest shall be calculated from the first day of August, 1963.".

7. In the said Scheme, after second proviso to sub-paragraph (1) of paragraph 9, the following further proviso shall be inserted, namely —

"Provided also that where the amount repayable stands in the name of an employee on whose behalf the account was opend under sub paragraph (IA) of paragraph 4 and the employee has not made an application subsequently, then, the deposit office shall make the repayment only if the application for repayment referred to in sub-paragraph (3) is forwarded through the employer duly attested by him.".

8 In the said Scheme, after paragraph 9, the following paragraph shall be inserted, namely .—

"9A. Refunds

(1) Notwithstanding anything containd in paragraph 9, where an account has been opened in the name of an employee with the deposit office under this Scheme and whose annual income from salary does not amount to one thousand five hundred rupees at the end of any financial year, the amount standing to his credit in the said account shall be refunded together with interest in accordance with the provisions contained in paragraph 8 and in every such case the employer shall issue a certificate to the employee stating that his income from salary for that financial year being less than one thousand five hundred rupees, he is entitled to the refund of the amount deposited in the said account in that year.

(2) Such refund shall be made by the deposit office only on an application made to it by the employee in Form C or as near thereto as may be, accompanied by the certificate referred to in sub-paragraph (1).".

9 In the said Scheme, after paragraph 10, the following paragraph shall be inserted, namely —

"10A. Special procedure.

(1) In this paragraph, 'exempted establishment" means an establishment in respect of which an exemption has been granted under section

17 of the Employees' Provident Funds Act, 1952 (19 of 1952) from the operation of all or any of the provisions of any Scheme framed under that Act.

(2) In respect of employees in an exempted establishment, the employer may elect to follow the procedure specified in sub-paragraphs (3) to (22) for the purposes of this Scheme, and thereupon the provisions of paragraphs 4 to 7 (inclusive) and paragraphs 9, 9A, 10 and 13 shall cease to apply in relation to such employees.

(3) The employer shall deduct every month the amount of deposit payable by every employee from the salary payable to him

Provided that no deduction shall be made in the month where the salary payable in that month is less than one hundred and twenty five rupees

Explanation —Where the salary is paid more than once in a month, deductions shall be made every time the salary is paid in that month.

(4) Notwithstanding anything contained in the proviso to sub-paragraph (3), where the annual income of an employee from his salary is likely to be rupees one thousand five hundred or more, the employer shall make deductions from the salary payable to him in the last three months of that financial year such amount as would bring the total amount of deposit at the close of that financial year to the limits of deposit specified in sub-paragraph (1) of paragraph 3.

(5) All the deductions made shall be remitted in one lump sum to a Head Post Office, or an Office of the Reserve Bank of India or a branch of the State Bank of India and any subsidiary bank of the State Bank of India conducting Government Treasury business (hereinafter referred to as the remittance office), such remittance when made on the first occassion shall be accompanied by an application in Form G or as near thereto as may be, and by an attested copy of the notification granting exemption referred to in sub-paragraph (1)

(6) The remittance office shall on receipt of the application open an account in the name of the employer and issue a pass book in his name wherein all amounts remitted shall be entered over the signature of the officer authorised in this behalf by the remittance office with the date stamp. All subsequent remittances shall be accompanied by the pass book.

(7) All the deductions made by the employer shall be remitted to the remittance office not later than fourteen days from the date on which the deduction is made

Provided that if the salary is paid more than once in a month the period of fourteen days shall be reckoned from the date on which the salary is last paid in that month

Provided further that the deductions made in the month of March shall be remitted before the end of that month

Provided also that deductions made in the month of July, 1963, may be remitted not later than forty five days from the date on which the deduction is made, and such remittance is accompained by a declaration from the employer that the remittance relates to deductions made in that month.

(8) The employer shall remit the amount not more than once in a month except that in the month of March two remittances may be made

Provided that a second remittance may be made in the month of August or September, 1963, on account of the deductions made in July 1963

(9) Every remittance shall be made in cash or by a crossed cheque drawn in favour of the remittance office on a bank at the place where that office is situated

Provided that where the remittance is made into a Head Post Office such remittance may be made by cheques only at places where clearing house facilities are available

(10) The provisions of paragraph 8 shall apply to the remittances made by the employer as if for the word "deposit" wherever it occurs, the word "remittance" were substituted

(11) The employer shall—

(a) maintain accounts in respect of each employee in the from of a ledger relating to the amounts deducted from the salary of that employee for the purposes of this Scheme and repayment thereof ,

(b) after the close of each financial year during which the Scheme is in force, furnish to each employee a statement of the accounts relating to that year.

(12) Subject to the provisions contained in sub-paragraph (13), the amount standing to the credit of an employee in his account shall be repayable with interest thereon by the employer after the expiry of five year from the end of the year in which the deductions for the purposes of this Scheme were made

Provided that where the amount is repayable to a minor, such repayment may be made only to his parent or guardian.

Provided further that on his attaining majority under the Indian Majority Act, 1875 (9 of 1875), the repayment shall be made to him.

(13) (a) The employee or in the event his death, his nominee or heir, may apply to the employer for earlier repayment of the amount standing to the credit of the employee.

(*b*) The employer shall, after verifying the account of the employee, forward the application to the authority empowered by the Central Government in this behalf.

(*c*) On receipt of the application, the authority shall by order in writing authorise the employer to repay the amount standing to the credit of the employee together with interest thereon, if the authority is satisfied that genuine hardship would be caused unless such earlier repayment is made

(14) Notwithstanding anything contained in sub-paragraphs (12) and (13) where the employer has made deduction from the salary of an employee for the purposes of this Scheme and whose annual income from salary does not amount to one thousand five hundred rupees at the end of any financial year, the amount standing to his credit in the account maintained by the employer, shall be refunded together with interest in accordance with the provisions contained in paragraph 8.

(15) In respect of repayments and refunds made by an employer in any month, he may in the following month present a bill in Form H, or as near thereto as may be, together with the pass book to the remittance office in which the account referred to in sub-paragraph (6) stands for the purpose of reimbursement, furnishing the names of the employees, nominees or heirs to whom repayments or refunds, as the case may be, have been made by him indicating separately the amount of deposit and the interest thereon repaid or refunded, as the case may be, to each employee. On receipt of this bill, the remittance office shall permit withdrawal or the amount specified in that bill and make an entry in the pass book over the signature of the officer authorised in this behalf by remittance office.

Explanation.—Such withdrawal shall be permitted only on the employer being identified to the satisfaction of the officer authorised in this behalf by the remittance office

(16) Every employee who is not a minor may nominate in Form I or as near thereto as may be, one or more persons who shall be entitled to receive the amount at the credit of his account with the employer together with the interest thereon, in the event of his death before the amount has become payable or having become payable has not been paid

(17) Where the amount together with interest thereon is payable to two or more nominees and either or any of them is dead, the amount shall be paid to the surviving nominee or nominees.

(18) A nomination made by an employee may be cancelled or varied by a fresh nomination in Form J, or as near thereto as may be, by giving notice in writing to the employer.

(19) Every nomination and every cancellation or variation thereof shall be registered by the employer in the ledger account of that employee and shall be effective from the date of such registration.

(20) If the nominee is a minor, the employee may appoint any person to receive the amount due under the account in the event of his death during the minority of the nominee

(21) The employer shall whenever required to do so, produce to such authority or authorities as may be specified by the Central Government in this behalf, all documents relating to the deductions made for the purposes of this Scheme from the salary of his employees to whom this Scheme applies, to the remittance thereof to the remittance office and repayment to the employees

(22) The employer shall also make available all or any of the documents referred to in sub-paragraph (21) for the purposes of audit by the Comptroller and Auditor General of India or any person authorised by him in this behalf

10B Application of special procedure to certain establishments — In respect of employees of any local authority or in any establishment other than an exempted establishment within the meaning of sub-paragraph (1) of paragraph 10A, the Central Government may by notification apply the procedure specified in sub-paragraphs (3) to (22) of that paragraph with such modifications and alterations as may be considered necessary or desirable and thereupon the provisions of paragraphs 4 to 7 (inclusive) and paragraphs 9, 9A, 10 and 13 shall cease to apply in relation to such employees.

10C. Deductions not to be made in certain cases.—(1) Where an employee becomes liable to payment of tax under the Income-tax Act, 1961 after an account in his name with the deposit office has been opened, no deduction for the purposes of this Scheme shall be made by the employer from the salary payable to that employee after he has become so liable to payment of the tax.

(2) The employer shall issue to such employee a statement specifying the total amount deposited in his account for that year and hand over the pass book to him after obtaining the receipt for it.

(3) Where an employee in an exempted establishment within the meaning of sub-paragraph (1) of paragraph 10A becomes liable to payment of tax under the Income-tax Act, 1961, after an account in his name in the ledger of the employer has been opened, the employer shall refund the amount deducted from his salary in that year and credited to the said account and thereupon the employer shall be entitled to reimbursement of the amount refunded and for this purpose the employer shall adopt the procedure specified in sub-paragraph (15) of paragraph 10A."

10 In the said Scheme, in paragraph 12, after sub-paragraph (1) the following Explanation shall be inserted, namely :—

"**Explanation**—For the purpose of determining the annual income of any person under this paragraph, the amount attributable to variable items, like cash value of food concession shall provisionally be taken to be the amount paid to him in respect of such items in the previous financial year, if he was in continuous employment under the same employer throughout that year and in other cases, the amount likely to be paid in the current year but in all such cases the income so determined shall be subject to final adjustment on the basis of actuals for the first nine months of the current financial year and likely payment in the last three months of that year in respect of such variable items."

11 In the said Scheme, after paragraph 13, the following paragraph shall be inserted, namely —

"14. **Maintenance of accounts, etc, by certain Government offices**—Notwithstanding anything contained in this Scheme, the Central Government may, by notification direct that the provisions of this paragraph shall apply in relation to any office of the Central Government or of any State Government or Government of a Union territory specified in the notification and thereupon—

(*a*) it shall not be necessary for any employee of any office so specified to apply to a deposit office for opening an account in his name ;

(*b*) every such office shall maintain accounts in such manner as may be specified in this behalf by the Central Government in the names of its employees from whose salaries, deductions are made by it for the purpose of this Scheme ;

(*c*) every such office shall make repayments of the amounts standing to the credit of its employees together with interest thereon in such manner as may be specified by the Central Government ;

(*d*) nominations by the employees of any office so specified shall be made in such manner as may be specified by the Central Government ;

12. In the Schedule to the said Scheme—

(1) in Form F, the following Note shall be inserted at the end, namely —

Note—The employer shall place two asterisk marks above the names of those employees on whose behalf he has opened an account" ;

(2) after Form F, the following Forms shall be added, namely —

FORM G.

[*See* Paragraph 10 A (5)]

APPLICATION FOR OPENING AN ACCOUNT UNDER THE COMPULSORY DEPOSIT (EMPLOYEES) SCHEME, 1963.

(To be submitted by the employer of an expempted establishment)

To

The .. ..

.. ..

I hereby apply for opening an account under the Compulsory Deposit (Employees) Scheme, 1963 in the name of . .. . and tender herewith Rs .. . . . (Rupees ... . only) in cash/by cheque as the initial amount of remittance

I enclose an attested copy of the Notification granting exemption under section 17 of the Employees' Provident Funds Act, 1952 (19 of 1952).

Signature of the Employer

Specimen signature
of the Employer

Permanent Address

The account has been opened on . with Rs . ... Pass book has been issued.

Signature of the Officer

Date Stamp

3414

FORM H

[See Paragraph 10A (15)]

COMPULSORY DEPOSIT (EMPLOYEES) SCHEME, 1963

BILL No.

MONTH

Bill for reimbursement of deposits repaid/refunded by..... .. ..
(employer)

Certified that a sum of Rupees.. . . .. , as detailed below has been actually repaid/refunded by.... .. ..
(employer)
in accordance with the Compulsory Deposit (Employees) Scheme, 1963, during the month of ... . 19 .

Details of repayments/refunds

S. No.	Number & date of voucher	Name of employee	To-whom repaid/ refunded	Amount		
				Deposit	Interest	Total
			Total			

Amount (in words) Rupees . ...

Date.

Place.

Signature of employer.

Official stamp of employer

Received from . ...(name of remittance office) the sum of Rupees..... . ...in payment of this bill

Date.

Signature of employer

* FORM I

[See Paragraph 10 A (16)]

NOMINATION UNDER THE COMPULSORY DEPOSIT (EMPLOYEES) SCHEME 1963

To

The ... .

. ...

I hereby nominate the person/persons mentioned below to whom in the event of my death, the amount standing to my credit in Compulsory Deposit Account at the time of my death would be payable.

Serial No.	Name of the nominee	Full address	Date of birth of nominee in case of minor

As the nominee/nominees against Serial No./Nos .. specified above is a/are minor/minors, I appoint . . .

.. ..

(name and full address)

as the person to receive the amount due under the said account in the event of my death during the minority of the nominee/nominees.

Witness — Signature of Employee.

The nomination has been registered on .. . .and an entry made in the Ledger.

Date stamp — Signature of the Employer

* This form is to be used only by the employee in exempted establishment

*FORM J

[*See* Paragraph 10A (18)]

APPLICATION FOR CANCELLATION OR VARIATION OF NOMINATION PREVIOUSLY MADE IN RESPECT OF THE COMPULSORY DEPOSIT ACCOUNT UNDER THE COMPULSORY DEPOSIT (EMPLOYEES) SCHEME, 1963.

I ..... hereby cancel the nomination made by me in respect of my Compulsory Deposit Account.

*In the place of the cancelled nomination, I hereby nominate the person(s) mentioned below who shall, on my death, become entitled to the payment of the sum due on the above account to the exclusion of all other persons

Serial No	Name of the nominee	Full address	Date of birth of nominee in case of minor

* to be filled in case of replacement only

As the nominee(s) against Serial No./Nos. is a/are minor/minors, I appoint ..... (name and full address)

as the person to receive the sum due under the said account in the event of my death during the minority of the nominee/nominees

Witness — Signature of Employee

The nomination has been registered on. ..... and an entry made in the Ledger.

Date Stamp — Signature of the Employer

* This form is to be used only by the employees in exempted establishment

(SHIV NAUBH SINGH)